

STORES MANAGEMENT & STOCK CONTROL

STUDY GUIDE FOR MODULE ONE

(A full 'Study & Training Guide' will accompany the Study or Training Manual(s) you will receive soon by airmail post.)

This Study Guide - like all our Training Materials - has been written by professionals; experts in the Training of well over three million ambitious men and women in countries all over the world. It is therefore essential that you:-

- ★ Read this **Study Guide** **carefully** and **thoroughly** BEFORE you start to read and study Module One, which is the first '**Study Section**' of a CIC Study or Training Manual you will receive for the Program for which you have been enrolled.
- ★ Follow the **Study Guide** **exactly**, stage by stage and step by step - if you fail to do so, you might not succeed in your Training or pass the Examination for the CIC Diploma.

*** STAGE ONE**

Learning how to **really STUDY** the College's Study or Training Manual(s) provided - including THOROUGHLY READING this **Study Guide**, and the full '**Study & Training Guide**' which you will soon receive by airmail post.

*** STAGE TWO**

Studying in accordance with the professional advice and instructions given.

*** STAGE THREE**

Answering Self-Assessment Test Questions/Exercises.

*** STAGE FOUR**

Assessing - or having someone assess for you - the standard of your answers to the Self-Assessment Test/Exercises.

*** STAGE FIVE**

Preparing for your Final Examination.

*** STAGE SIX**

Sitting the Final Examination.

Remember: your CIC Program has been **planned** by experts. To be certain of gaining the greatest benefit from the Program, it is **essential** that you follow precisely each one of the **SIX stages** in the Program, as described above.

STAGE ONE is your thorough reading of this 'Study Guide'



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ABOUT CIC STUDY and TRAINING MANUALS

A CIC Study or Training Manual (which comprises 4 or 6 Modules - the first Module of which follows) supplied by the College as part of your Course or Program is **NOT** simply a text book. It must therefore **not** be read simply from cover to cover like a text book or another publication. It **MUST** be **studied**, Module by Module, exactly as explained in the following pages. Each CIC Study or Training Manual has been designed and written by specialists, with wide experience of teaching people in countries all over the world to become managers, administrators, supervisors, sales and accounting personnel, business-people, and professionals in many other fields.

Therefore, it is in **your own best interests** that you use the Study or Training Manuals in the way CIC's experts recommend. By doing so, you should be able to learn easily and enjoyably, and master the contents of the Manuals in a relatively short period of time - and then sit the Final Examination with confidence. Every Study Manual and Training Manual is written in clear and easy to understand English, and the meanings of any "uncommon" words, with which you might not be familiar, are fully explained; so you should not encounter any problems in your Studies and Training.

But should you fail to fully grasp anything - after making a thorough and genuine attempt to understand the text - you will be welcome to write to the College for assistance. You must state the **exact** page number(s) in the Study or Training Manual, the paragraph(s) and line(s) which you do not understand. If you do not give full details of a problem, our Tutors will be unable to assist you, and your Training will be delayed unnecessarily.

Start now by reading **carefully** the following pages about Stages Two, Three and Four. Do **NOT**, however, start studying the first Study or Training Manual until you are **certain** you understand **how** you are to do so.

STAGE TWO - STUDYING A CIC MODULE

STEP 1

Once you have read page 1 of this document fully and carefully, turn to the first **study section** - called **Module One** - of **Study or Training Manual One**. (Note: In some Manuals the term "Chapter" is used instead of "Module").

Read the whole of Module One at your normal reading pace, without trying to memorise every topic covered or fact stated, but trying to get "the feel" of what is dealt with in the Module as a whole.

STEP 2

Start reading the Module again from the beginning, this time reading more slowly, paragraph by paragraph and section by section. Make brief notes of any points, sentences, paragraphs or sections which you feel need your further study, consideration or thought. Try to absorb and memorise all the important topics covered in the Module.

STEP 3

Start reading the Module again from its start, this time paying particular attention to - and if necessary studying more thoroughly - those parts which were the subject of your earlier notes. It is best that you do **not** pass on to other parts or topics until you are **certain** you fully understand and remember those parts you earlier noted as requiring your special attention. Try to fix everything taught firmly in your mind.

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Note: You may not wish to, or be able to, carry out Steps 1, 2 and 3 one after the other. You could, for instance, carry out Steps 1 and 2 and then take Step 3 after a break.

STAGE THREE - ANSWERING SELF-ASSESSMENT TESTS

STEP 4

When you feel that you have **fully understood and learned everything** taught in the whole Module (and if necessary after a further careful read through it) turn to the Self-Assessment Test set at the end of it, and read the Questions/Exercises in it carefully. You do not have to attempt to answer any or all of the Questions/Exercises in the Test, but it is **best** that you do so, to the best of your abilities. The reasons for this are:-

- ✿ By comparing your answers with the Recommended Answers printed in the Appendix at the end of the Module, you will be able to assess whether you **really have** mastered everything taught in the Module, or whether you need to study again any part or parts of it.
- ✿ By answering Questions/Exercises and then comparing your attempts with the Recommended Answers, you will gain experience - and confidence - in attempting Test and Final Examination Questions/Exercises in the future. Treat the Self-Assessment Tests as being “*Past Examination Papers*”.

Professional Advice on Answering Self-Assessment Test (and Examination) Questions and Exercises

1. You may answer the Questions/Exercises in a Self-Assessment Test in any order you like, but it is best that you attempt **all** of them.
2. Read very carefully the first Question/Exercise you select, to be quite **certain** that you really **understand** it and what it requires **you to do**, because:
 - ★ some Questions/Exercises might require you to give full “written” answers;
 - ★ some Questions/Exercises (e.g. in English) might require you to fill in blank spaces in sentences;
 - ★ some Questions/Exercises (e.g. in bookkeeping) might require you to provide “worked” solutions;
 - ★ some Questions/Exercises (called “multiple-choice questions”) might require you only to place ticks in boxes ☒ against correct/incorrect statements.

In your Final Examination you could **lose marks** if you attempt a Question/Exercise in the wrong way, or if you misread and/or misunderstand a Question/Exercise and write about something which is not relevant or required.

3. Try to answer the Question/Exercise under ‘**true Test or Examination conditions**’, that is, **WITHOUT** referring back to the relevant section or pages of the Module or to any notes you have made - and certainly **WITHOUT** referring to the Recommended Answers. Try to limit to about two hours the time you spend on answering a set of Questions/Exercises; in your Final Examination you will have **only two hours**.
4. Although you are going to check your Self-Assessment Test answers yourself (or have a friend, relative or colleague assess them for you) practise writing “written” answers:-

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★ in clear, easy-to-read handwriting;

and

★ in good, grammatical language.

The Examiner who assesses your Final Examination answers will take into account that English might not be your national or main language. Nevertheless, to be able to assess whether you really **have** learned what we have taught you, he or she will need to be able to read and understand what you have written. You could lose marks if the Examiner cannot read or understand easily what you have written.

5. Pay particular attention to neatness and to layout, to spelling and to punctuation.
6. When “written” answers are required, make sure what you write is **relevant** to the Question/Exercise, and concentrate on **quality** - demonstrating your knowledge and understanding of facts, techniques, theories, etc. - rather than on quantity alone. Write fully and clearly, but **to the point**. If you write long, rambling Final Examination answers, you will waste time, and the Examiner will deduct marks; so practise the **right** way!
7. When you have finished writing your answer, read through what you have written to see whether you have left out anything, and whether you can spot - and correct - any errors or omissions you might have made.
Warning: some Questions/Exercises comprise two or more parts; make **certain** you have answered **all** parts.
8. Attempt the next Question/Exercise in the Self-Assessment Test in the same manner as we have explained in 1 to 7 above, and so on until all the Questions/Exercises in the Test have been attempted.

Note: There is no limit on how much time you spend on studying a Module before answering the Self-Assessment Test set on it, and some Modules are, of course, longer than others. You will, however, normally need to spend between twelve and fifteen hours on the thorough study of each Module - and that time may be spread over a number of days if necessary - plus approximately two hours on answering the Self-Assessment Test on each Module.

STAGE FOUR - ASSESSING YOUR ANSWERS

STEP 5

When you have answered all the Questions/Exercises set in Self-Assessment Test One to the best of your ability, compare them (or ask a friend, relative or a colleague/senior at work to compare them) with the Recommended Answers to that Test, printed in the Appendix at the end of the Module. In any case, you should thoroughly study the Recommended Answers because:-

- ★ As already explained, they will help you to assess whether you have really understood everything taught in the Module;
- and
- ★ They will teach you how the Questions/Exercises in subsequent Self-Assessment Tests and in your Final Examination **should** be answered: clearly, accurately and factually (with suitable examples when necessary), and how they should be laid out for maximum effect and marks.

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MARKS AND AWARDS

To assist in the assessment and grading of your answers, the **maximum number of marks** which can be earned for each answer to a Self-Assessment Test Question/Exercise is stated, either in brackets at the **end of each one**.

The maximum number of marks for any one Test is 100.

Your answers should be assessed fairly and critically. Marks should be awarded for **facts** included in your answer to a Question/Exercise, for presentation and for neatness. It is **not**, of course, to be expected that your answers will be identical to all those in the Appendix. However, your answers should contain the **same facts**, although they might be given in a different order or sequence - and any examples you give should be as appropriate to the Questions/Exercises as those given in the relevant "Recommended" Answers.

Add together the marks awarded for all your answers to the Questions/Exercises in a Self-Assessment Test, and enter the total (out of 100) in the "Award" column in the **Progress Chart** in the middle of the full '**Study & Training Guide**' when you receive it. Also enter in the "Matters Requiring Further Study" column the number(s) of any Question(s)/Exercise(s) for which you did not achieve high marks.

GRADES

Here is a guide to the grade your Self-Assessment Test Work has achieved, based on the number of marks awarded for it:

50% to 59%	PASS	60% to 64%	HIGH PASS
65% to 74%	MERIT	75% to 84%	HIGH MERIT
85% to 94%	DISTINCTION	95% to 100%	HIGH DISTINCTION

STEP 6

Study again **thoroughly** the section(s) of the Module relating to the Question(s)/Exercise(s) to which your answers did not merit high marks. It is important that you understand where or why you went wrong, so that you will not make the same mistake(s) again.

STEP 7

When you receive the complete Study or Training Manual One** from the College by airmail post, '**revise**' - study again - Module One printed in it, and then turn to **Module Two** and proceed to **study it thoroughly** in exactly the same way as explained in Steps 1, 2 and 3 in this '**Study Guide**'.

When you have completed your **thorough study**, follow steps 4, 5 and 6 for the **Self-Assessment Test on Module 2**.

Continue in the **same way with each of Modules 3, 4, 5 and 6** until you have attempted and assessed your work to Self-Assessment Test 6, and have completed the study of Study or Training Manual One. But - and this is **important** - study the Modules **one by one**; complete Steps 1 to 6 on **each** Module **before** you proceed to the next one (unless during the course of your reading you are referred to another Module).

****Note:** When you receive Study or Training Manual One by airmail post, it will be accompanied by a 20-page '**Study & Training Guide**' (containing a '**Progress Chart**') which you **MUST read very carefully** before starting your study of Module Two.

TRAINING ON

STORES MANAGEMENT & STOCK (INVENTORY) CONTROL

Module One

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STOREKEEPING, STOCK CONTROL AND STORES MANAGEMENT

Introduction - Why Stocks are Held

Virtually every enterprise finds it necessary to hold '**stocks**' (or '**inventory**') of various items and materials. That is because it would be practically impossible to operate with only one of each item to be sold or used in manufacture or used in office work. A '**reserve**' or a '**fund**' or '**inventory**' of each item or material used or sold frequently is therefore '**maintained**', so that as items or materials are sold or used they can be replaced or replenished from the stocks '**held in reserve**'.

Let us take a footwear shop as an example to make these matters quite clear to you:-

There will be a variety of different shoes, boots, etc, on display - both in the shop's windows and inside the shop itself. It would be very inconvenient and time-consuming for a shop assistant to have to remove the footwear from the display each time a customer wished to try on a pair. And, in any case, only one size and colour of each style or type of shoe, boot, sandal, etc., is likely to be on display at any one time.

Instead, when a customer expresses interest in a particular style, a shop assistant will ask the size he or she usually wears and the colour preferred, and will then try to find the right size and colour from the pairs of footwear held in reserve. In many cases pairs of popular items in the most commonly asked for sizes will be kept inside the shop itself, on shelves or in cabinets. But other pairs will be kept in another room - or perhaps in more than one room - to which the shop assistant can go to find the footwear concerned; that room is the '**store room**' or '**stock room**'.

When a pair of shoes or other footwear is sold from those inside the shop, it **must** be possible to replace that pair quickly, whenever possible, by another pair held in the store or stock room. No business could operate efficiently if every time it sold an item or used up an item in manufacture, it had to order a replacement from the supplier or manufacturer!

Of course, from time to time, items can '**run out of stock**' but, as you will learn during this Program, **efficient stock control** will reduce or eliminate such happenings, and ensure that replacements are received in good time, and are available when required to replace those items sold or used.

Why Stores are Needed

In some countries the word "store" is used to refer to a retail outlet - such as a "general store" or a "department store" - from which goods are sold, mainly to individuals, who are commonly called "consumers". However, in this Program on Stores Management & Stock (Inventory) Control, we define a "Store" (with a capital 'S') as:

An area set aside into which all the items and materials required for production and/or for sale/distribution are received, where they are housed for safekeeping, and from which they will be issued as required.

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In only a tiny minority of cases are sales made directly from Stores, and even in such cases those sales are merely a “subsidiary” activity, and are **not** the primary functions of the Stores, as given in our definition.

The various items and materials received into, housed in and issued from Stores are commonly referred to collectively as being **‘stock’** (or **‘inventory’**) hence the use of the term **‘stock control’**.

In Module 9 we look in more detail at the variety of reasons why different enterprises need to maintain stocks - and Stores in which to house them. At this stage, the following serve as a few examples to “introduce” the need for Stores to you:-

- ★ **Retail** shops such as the footwear shop (or store), need Stores to house reserves of goods for sale to customers and from which to replace those sold.
- ★ **Wholesale businesses** (often called simply ‘wholesalers’) purchase goods in large quantities from the producers or manufacturers of them, so they need Stores in which to hold the goods until they are required for supply in smaller quantities to retailers.
- ★ **A manufacturing concern**, for example a footwear factory, must hold stocks of all the items (materials and components): leather, plastic, heels, buckles, nails, glue, etc, which are used in making the different types of shoes, etc.
- ★ **An office** is likely to need stocks of printed and plain paper, envelopes, pins, clips and other items.
- ★ Even an enterprise which provides a **service**, like a garage for example, must hold stocks: of spare parts for vehicles, consumables like oil, and, of course, tools for use by its mechanics.

In many cases the “Store” might be quite small, perhaps no more than a stock cupboard in a small service concern, such as an estate agency, or a small office. Other enterprises, however, require huge Stores to hold the vast stocks of items, of many different kinds and sizes, which they must have available if they are to be able to run efficiently and successfully. In between the two extremes, there is an enormous range of different enterprises with Stores of different sizes. Whatever the situation, you will find that the Stores of most enterprises fall within the definition we have given you.

A Store might be a department or section of an enterprise, and be its **‘Stores Department’**; often that name is shortened simply to **‘Stores’** (with a final letter ‘s’). For example, a person might work “in the Stores”.

The Importance of Efficient Stores Management

In an enterprise with a small quantity of stock, one person might be placed in charge of it, if the owner/manager does not look after it himself. Where the volume of stock is too large to be handled on a part-time basis, one or more **storekeepers** will be required. Enterprises with large quantities of stock must employ **trained stores personnel** (storekeepers, clerks, etc) under the control of a **Stores Manager** (who might go by the designation of Head or Chief Storekeeper, Stock Controller, Stores Administrator, or a similar title).

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It is impossible to state at what stage a Stores Manager will be appointed by a particular enterprise, as circumstances and sizes vary so greatly. But whatever its size and the volume of its stocks, the success of the enterprise can depend to a large extent on the **efficient management** of its Store and stocks. Let us now examine why that is so.

- * All the possessions of an enterprise - that is, what it owns - are called its **'assets'**. Frequently the value of the stocks of goods and/or materials held in its Store is as great as - if not greater than - the total value of **all** its other possessions - e.g. land and/or buildings, plant, machinery, motor vehicles, equipment, etc., and, of course, money and investments - added together!
- * The items and/or materials in the Store **cost money**; if, through **bad** Stores Management, there are **too many** held in the Store or if the wrong items or materials are being held, money will be "tied up" - money which might be required to buy other, needed items and/or materials or to pay the many expenses involved in running the enterprise.
- * Conversely, if **poor** stores management has led to **shortages** of needed items and materials, there will be hold-ups and interruptions in production, or losses of production and/or losses of sales to customers and, indeed, losses of the customers themselves, and losses of profits which can in turn lead to job losses and - in extreme cases - to the collapse of the enterprise.
- * If items in the Store are lost, stolen or damaged in any way, the enterprise **loses money**.
- * And it costs money **to run** the Store - on building maintenance and/or rent, on salaries of stores personnel, on containers and equipment, on heating or cooling, on lighting and power, etc. - and the enterprise must receive a "return" from its expenditure, in terms of efficiency, particularly as its Stores is **"nonproductive"** (a matter which we return to later in this Module).

Stocks

The range of items and materials - stocks - which might be held in Stores is huge. The variety and quantity of items and materials held in the Store of a particular enterprise will depend on its size and on its range of activities. Broadly speaking, the various activities of different enterprises can be divided according to the three main groups of enterprises:-

* **Industrial Enterprises**

Into this group fall enterprises like mines, which **extract** raw materials such as oil, coal, iron, etc., which are in general sold to other enterprises for use as power or for use in manufacture. Agriculture and fishing are also classified as **extractive**.

Other enterprises in this category are classified as **processing** or **refining** because they "process" the raw materials and, in so doing, alter their original form into more useful or saleable forms.

Still other industrial enterprises are involved in using the raw or processed materials in the **manufacture** - in factories or in workshops - of the wide range of products available on the market today, or in producing components which will form part of the final products of other manufacturers.

In addition, there are industrial enterprises involved in **construction** and allied fields.

* *Trading Enterprises*

The range of enterprises in this group is very wide, but the common activity is the **buying and selling** of the raw materials, components and products produced by the industrial enterprises.

Enterprises involved in trading range from small one-man shops and kiosks to huge supermarkets, departmental stores, hypermarkets and shopping centres. Some trading enterprises are involved in **wholesaling**; they purchase products from their producers in large quantities, and then sell them in smaller quantities to **retailers**, who in turn sell them, generally in even smaller quantities, to their customers, who might or might not be the final **consumers**. Some larger trading concerns might eliminate wholesalers - often called "middlemen" - by buying direct from the producers.

* *Service Enterprises*

Frequently the services provided involve the **performance of some work**, only the **results** of which might be seen; examples include banking, finance, transport, maintenance of machinery, etc., and the provision of insurance cover.

Besides those already mentioned, services are provided by such diverse businesses as hotels, restaurants, estate agents, computer bureaux, travel agents, tailors, electricians, hair dressers and barbers, and many more. (Note that certain services are provided by persons who do not consider themselves to be "in business", e.g. accountants, doctors, lawyers, dentists, auditors, etc. They refer to themselves as being in "the professions", although their services are rarely provided without charge!).

There are also enterprises which provide specialised services which are called **utilities**. These include enterprises - often fully or partly state-owned and run - which provide supplies of electricity, water and gas, as well as sewerage, post and telecommunications, and similar services, often on a national or on a regional scale.

* *Multi-activity Enterprises*

There are, of course, some enterprises which fall into more than one of the three major groups. For example, a business might operate a factory, and then sell the products of its factory from its own shop(s) - and is thus involved in both industrial and trading activities. Another enterprise might sell, say, office machines and also provide a maintenance service for those machines, and so is involved in both trading and service-providing activities.

Stock items in the Store of an enterprise could include any or all of:-

- ❖ raw materials
- ❖ components (parts)
- ❖ spare parts
- ❖ partly finished work (sub-assemblies, work in progress)
- ❖ materials for maintenance
- ❖ consumables
- ❖ tools, jigs and gauges
- ❖ finished products (of the enterprise or purchased from others) ready for sale

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- ❖ packaging materials
- ❖ scrap and by-products of production
- ❖ damaged, substandard or obsolete items and others.

Some items and materials might be solid, others might be liquid, and yet others might be gaseous. We shall refer to all things held in Stores as **'items'** or **'stock items'** or **'materials'** or **'stocks'**.

What is involved in Storekeeping

The term **storekeeping** covers the actual handling of the items or materials received into, held in and issued from the Store. The work involves:

- ★ receiving items and materials, including the inspection of them;
- ★ storing the various stock items in the most appropriate fashion, binning and/or racking them by the best methods, and placing them in such a way that any item or material in the Store can be located quickly and easily when it is required;
- ★ ensuring the safety of all items and materials whilst in the Store - that is, protecting them from pilfering, theft, damage and deterioration;
- ★ ensuring, when necessary, that items issued from the Store are so packed that they will not be damaged or caused to deteriorate whilst in transit to their destinations.

What is Involved in Stock Control (also known as 'Inventory Control')

What we refer to as **stock control** comprises mainly the clerical and administrative functions of stores work. It involves:

- ★ ensuring that the right types and qualities of items needed for production, sale and distribution, are always available when required;
- ★ ensuring that stock is issued in the correct sequence, that is, *"first in first out"*, so that "older" stock is not allowed to deteriorate by being kept too long in the Store, for instance because it has been hidden from view by more recently received stock;
- ★ maintaining records showing the "movement" of items into and out of the Store, controlling and monitoring those movements and maintaining full records of the items in the Store;
- ★ ensuring that the correct "stock levels" of the various items are set and are maintained, that orders and reorders are made (or requested to be made) in good time, and that what is ordered is received;
- ★ checking, counting or otherwise measuring stock to ensure that records are accurate and that no losses are occurring due to pilfering, theft, damage or poor storage;
- ★ pricing and valuing the items in the Store.

What is Involved in Stores Management

Stores management is concerned with ensuring that all the activities involved in storekeeping and stock control are carried out efficiently and economically by those employed in the Store. In many cases it will also encompass the recruitment, selection, induction and the training of stores personnel, and much more.

The work of any manager comprises two different aspects:

✱ the **'technical'** aspect, which is concerned with *the work to be performed* in the section, department or enterprise concerned:

and

✱ the **'human'** aspect, which is concerned directly with *the people who are employed to perform that work*.

The **'technical'** work of different managers might vary considerably; thus, the technical (and we use the word in the widest sense of its meaning) work of a factory manager will be very different from the technical work of a sales manager or a stores manager or an office manager, etc. Even the technical work of two stores managers working for two different enterprises might differ in many areas.

However, the **'human'** aspect of the work of ALL managers must be similar because it involves *managing the activities of other people*.

The management of people is an **art**; men and women are unpredictable and each person has his or her own different and complex character. The management of human beings requires the provision of leadership for a group of people and more; they require training, advice and guidance, supervision and control, and their work must be so organised and co-ordinated that they work together as a **team** to achieve a stated objective - which in the case of stores management is the efficient running of the Store of an enterprise.

In this Program we look at the technical and the human aspects of a Stores Manager's job, and give you an insight into the true meaning of management.

The Stores Function

You will have noted that earlier we stated that the Stores Department has a **nonproductive function**. We can now explain what we meant.

Departments of an enterprise such as its Sales Department and/or its Production Department are **directly** involved in the **primary** or **revenue-earning functions** of that enterprise. Their functions - or activities - are designed to **bring money into** the enterprise as the result of producing and/or selling goods or services.

For example, if an enterprise has a Production Department, its function is to **make** or **manufacture** goods or other items which will be **sold** to **bring in money**. The whole function of the Sales Department of an enterprise is to **sell** goods or other items (whether produced internally or purchased

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for resale from other enterprises) and/or services, in return for which customers will **pay money** to the enterprise.

In contrast, the Stores Department of an enterprise does NOT make or - in general - sell goods or services to customers. Its function is to:

Provide a SERVICE to the rest of the enterprise of which it is part.

The SERVICE provided by the Stores Department is ESSENTIAL to all other parts of the enterprise, because it is basically intended:

To ensure that all other sections or departments of the enterprise are furnished, when required, with the correct items, in the correct quantities and of the correct qualities.

As we explained earlier, the standard of the service provided by the Stores Department will affect the efficiency and profitability of the entire enterprise of which it is a part.

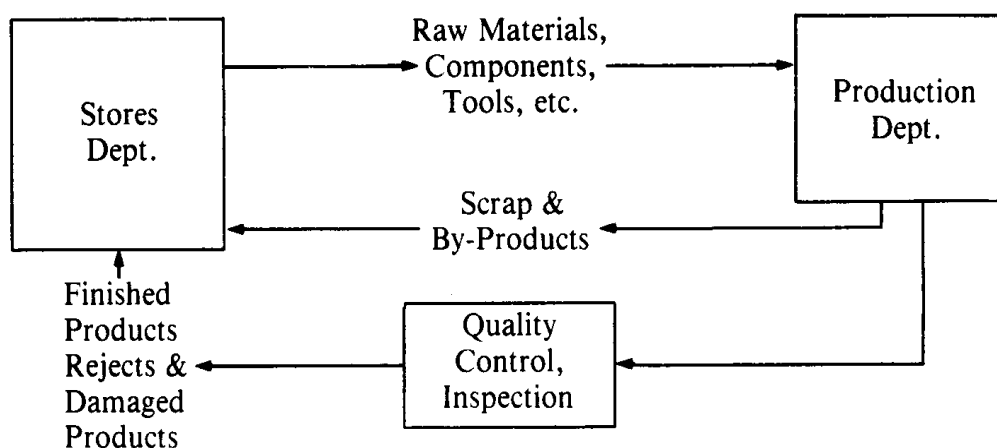
Obviously, the Stores Department cannot be expected to provide the best service unless it receives **adequate information** from other departments. Furthermore, it must work closely in co-operation and co-ordination with those other departments. The departments with which the Stores will have contact will, of course, depend on the activities in which an enterprise is engaged.

However, we now look briefly at some of the major departments with which close contact by Stores Departments might be necessary.

The Production Department

As the Stores Department must ensure that all items, materials and tools, as well as spare parts for machinery, are always available for continuous, uninterrupted production, it requires adequate warning about expected future needs, in terms of types, quantities, qualities (and possibly even colours). Stores might also have responsibility for quality control and for inspection (although these might be the responsibility of a separate department which, again, must work closely with the Stores).

Fig.1/1. The relationship between the Stores and Production Departments



The Stores Department will be responsible for holding finished products, as well as substandard products, items damaged during production, scrap and by-products of production.

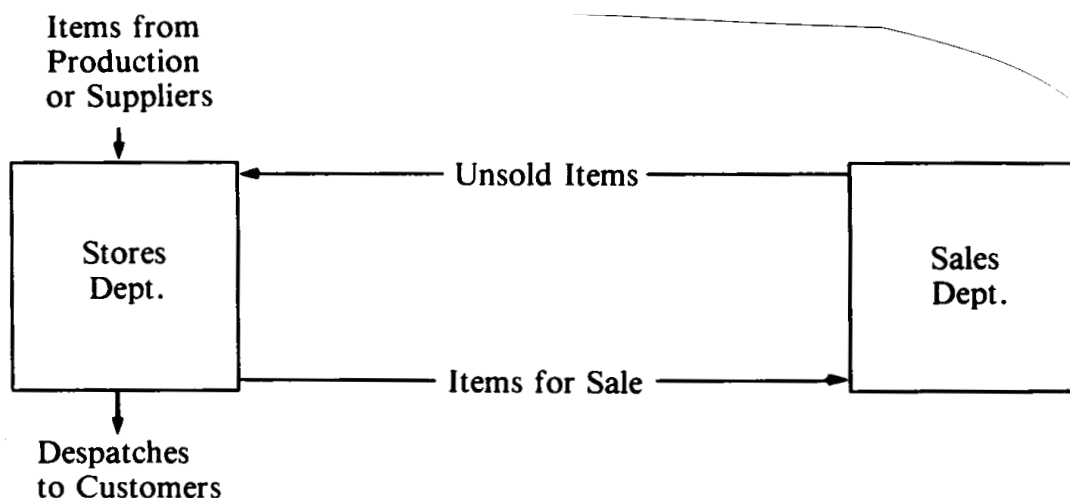
The Sales Department

Close liaison is necessary between the Sales and Stores Departments. There is no value in the Stores holding stocks of items which the Sales Department cannot sell, or in the Sales Department securing customers for items which Stores does not have in stock, or will not have in stock at the times required by customers.

The Stores Department requires adequate information, based on forecasts of future sales and trends, to assist in planning orders, setting stock levels, allocating storage space, etc.

Stores might also have to take back into stock items sold but rejected (for one reason or another) by customers or items supplied, for instance, to a shop but not sold. In many cases orders made by customers will be filled direct by the Stores Department.

Fig.1/2. The relationship between the Stores and Sales Departments



The Purchasing Department

In smaller enterprises responsibility for purchasing might rest with the Stores Department, and in many large enterprises the Purchasing and Stores Departments might be linked in a 'Supply Division'. Obviously in cases where there are two separate departments, there must be a very close, co-ordinated relationship between them. Stores must keep Purchasing up to date with information about stock levels, whilst Stores relies on Purchasing to buy all the items and materials needed by the enterprise for its operations.

The Maintenance or Engineering Department

This department relies on Stores to have available all the spare parts, tools, equipment and materials required for maintenance. In return it must supply full information to Stores of all long-term and short-term maintenance plans and the items which will be needed.

The Accounts Department

This department requires information from Stores about the value of stock held, about any damages or losses, about the receipt of items for which payment has to be made, and about stock issued for various operations, processes or contracts, etc.

The position of a particular Stores Manager in the hierarchy of management can vary considerably, depending on the size of an enterprise and of the importance to it of its Stores. In some enterprises the Stores Manager might be no more than a supervisor or a junior manager; in others he might be a senior executive, possibly even an executive director - a member of the board of directors.

Nevertheless, no matter what his status might be, the Stores Manager will have important **managerial duties** to perform. This Program of necessity concentrates on the **'technical'** aspect of his work, but we must first introduce you to important matters which are likely to fall within the **'human'** aspect of the work of most Stores Managers. We advise you to pursue these matters, and others, in greater depth by studying our excellent Program on **'Modern Management/Administration'**, full information about which will gladly be sent to you on request.

Note: Purely for simplicity we refer to a Stores Manager as being male. However, you should read the word "he" as being "he or she", and the word "his" as being "his or her". No disrespect is intended to our many female Trainees who make successful careers in Stores Management.

THE PRINCIPLES OF MANAGEMENT

Modern management is an **art**. Just as the basic material with which an artist works might be his paints, and the potter's basic material is his clay, so does the manager have his much more complex basic material - human beings, men and women. (It is worth remembering always that the first syllable of management is **man**). Management is thus the **art of managing the activities of other people**. This is no exaggeration, and a manager's measure of success, or otherwise, depends upon his skill in dealing effectively with other people.

What then is management? What is its purpose - what does it seek to achieve?

To put it simply we can say that management as an **activity** is involved with ensuring that a group of people work together in the most effective and efficient manner to achieve a stated goal, in the best and most economical way.

Management is a job, but a job which is that much more difficult because it involves dealing not with inanimate objects, services or theories but with unpredictable men and women, each of whom has a different and complex character. Management involves the provision of leadership for a group of people, together with the training, advice and guidance, supervision and control necessary for each individual in the group to perform his or her work in the best way. And if the stated goal or objective is to be achieved, the work of each person in the group must be so organised and co-ordinated that they work together as a **team**.

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Having used the words “goal” and “team”, we shall examine further the objectives of management using an example with which you are likely to be familiar - a football (soccer) team. Such a team comprises eleven people; they do not simply walk on to the football pitch, stand wherever they feel like and start kicking the ball in any directions at random - if they did so, they would stand little chance of beating the opposing side!

No! Under the direction of the **team captain**, who will be one of the eleven players, and the **team manager** (who might not be one of the players and who might remain off the pitch) each team member takes up a predetermined position; where possible the position which, from previous observation, he has been found to be most suitable. From prior training, each player has been encouraged to improve his playing skills, and each will know what his role is in the team - as an attacker or a defender, for example - and will know the rules of the game.

Whenever possible, the team will try to play the game to a plan or method laid down in advance by the team manager, and the efforts of the players on the field will be controlled and co-ordinated by the captain, who will give additional instructions and take on-the-spot decisions as necessary. Because the eleven players are a **team** and are NOT just eleven individuals playing separately with the same ball, they will pass the ball to team-mates, will try to create opportunities for them and they will play **together** to achieve their objective - which in their case is to score goals against their opponents. By giving guidance and encouragement, the captain and the team manager will motivate all the team members to do their very best to win.

Now let us relate this example to a business, bearing in mind that many professional football teams are run on business lines:-

- * The team manager will be the owner of the business or a section or departmental manager (e.g. a Stores Manager), who might not actually perform the work, but who must possess considerable knowledge of that work.
- * The equivalent of the captain will be a supervisor, foreman or an assistant manager who although subordinate (that is, junior) to the manager will work closely with him.
- * The other players would be the members of staff of the enterprise or the section or department of it.
- * The objective of the business or the section or department of it might be the production of an item or the sale of an item or - in the case of the Stores Department - the provision of an efficient service.

The manager and the supervisor must ensure that the members of staff are so organised and controlled that they work together as a team to achieve the stated objective:-

- ★ each individual must know what he is to do, when and how;
- ★ where possible he will be given the work to do which he is most suited to perform, and he will be trained to perform that work;
- ★ the work of the members of staff will be planned in advance and organised so that one person is not idle whilst another is overloaded;

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- ★ their efforts will be co-ordinated so that there will be no hold-ups or delays and so that, if necessary, work flows smoothly from one person to the next;
- ★ and, of course, the manager and supervisor must be available and willing to advise, guide and encourage the employees.

We can take the example further by thinking of each team in the professional Football Association or League as a department of a business, each having its own manager and supervisor (the team manager and captain, respectively). The governing body - Committee or Council - of the Association/ League, which exercises control over all the teams involved, defines the policy and lays down the rules of the game, is equivalent to the top managerial strata of a business, for example the **Board of Directors** of a company. Indeed, many large enterprises are organised in a very similar fashion.

Although a manager's team of staff might not actually confront an opposing - competitive - team on a playing field, as in our football example, it is often vital that his staff "beat" a similar group employed by a competitive enterprise - not by scoring goals against them, but by producing a better product or by producing the product more economically or by providing a more efficient service.

Most businesses have competitors producing or providing similar goods or services; in most cases a business can survive only by keeping abreast of the competition, and can only expand (for the benefit of its owners and employees alike) by doing **better** than its competitors. Only the successful manager can weld his staff into an efficient and co-ordinated team capable of achieving its objective in the best and most economical way. You should therefore by now appreciate just how important are proficient managers and effective management to any enterprise.

The Functions of Management

What we called earlier the "human aspect" of any manager's job can be divided broadly into five **functions** or **types of activities**, which are:-

- Planning:** This entails deciding how the predetermined objectives of the enterprise, or a department of it, should be achieved in the most efficient and economic way in accordance with policy.
- Organising:** This involves putting the "theory" (the plans) into "practice", so arranging the work to be performed that the objectives will be achieved as laid down in the plans.
- Co-ordinating:** This is very closely related to organising, and ensures that although different staff might perform different work, all their efforts mesh smoothly together and are directed at achieving the common objectives.
- Motivating:** This involves providing leadership for subordinates, and also requires the ability to inspire them to give of their best in achieving the objectives - as well as in their own best interests - by creating a good morale or working spirit amongst all those employed.
- Controlling:** This comprises supervising the people employed, checking their work and the machinery and equipment used, to ensure that the end products are the desired

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objectives; it also includes the recording of performances to provide a guide for future similar activities.

We examine the functions of management in greater detail shortly, and show how they interrelate and what they entail in practice. However, as they are all concerned with achieving **objectives**, let us first consider what these might be and who decides what they are to be.

Objectives in Business

Basically, objectives are the goals which an enterprise aims to achieve; in fact their attainment is the principal reason for the existence of that enterprise. Before any enterprise is started or established a person or a group of people has to decide what that business is going to do, for example:-

Is it going to manufacture something - if so what?

Is it going to buy and sell - if so what?

Is it going to provide a service - if so what?

In some cases the answer is fairly straightforward, for example a person might decide to open a bookshop, or an experienced painter/decorator might decide to set up on his own instead of working for others. However, in other cases considerable thought and research might be necessary before deciding to produce or to provide something not already available or which is likely to be able to compete successfully with similar products or services already available. In the private sector, the specific objectives of a business are combined with the objective of **profit**; that is, the result of achieving the specific objectives of the business must be that its owners gain money.

Business Policies

Together with the decision on the objectives of an enterprise is the necessity to decide in broad terms **how** and **where** the objectives are to be achieved, that is, to lay down the basic **policies** of the enterprise. If the objective of a particular enterprise is to sell, then it must be decided how sales will be made (for example, for cash and/or on credit) and where sales will be made; from shop(s) or by mail-order or through travelling or door-to-door salesmen, etc., and, of course, where the premises of the enterprise will be located.

Interpretation and Implementation of Policies

Once the initial objectives and basic policies of an enterprise have been decided upon, the interpretation and implementation of the policies and the achievement of the objectives are the responsibilities of the management team. In other words, they have to set in motion the various activities which will **actually gain those objective IN PRACTICE**.

That involves two important considerations:-

- ★ Firstly the policies must be **interpreted**. This means that the policies must be examined carefully, and “broken down” to see clearly what activities and tasks will have to be undertaken.

- ★ Secondly, once it is clearly understood what is to be involved, it can be decided what steps must be taken to **implement** the policies; that is, what **actions** are necessary to put them into practice.

To put it simply, we can say that:

the policies - the “theory” - have to be **‘translated’ into action.**

Unless an enterprise is very small, in addition to there being objectives for the enterprise as a whole, there will also be departmental or section objectives set by the Board, with policies laid down for the attainment of them. For example, the basic objective of the Stores Department or section will be to provide an efficient service to all other departments/sections of the enterprise, and the detailed objectives will cover all the matters we summarised for you earlier. The policies which are laid down for the Stores Department will cover such matters as how the service is to be provided and from where, etc.

You should note that unless each department, Stores included, attains its set objectives, the overall objectives of the enterprise as a whole might not be achieved). The interpretation of the policy for the Stores Department, and its implementation to achieve the department’s objectives will be the responsibility of the Stores Manager. This brings us back to the five functions of management, which we can now consider in greater detail.

Planning and Plans

Planning is the activity concerned with making or formulating **plans**. Plans can be looked upon as being **routes to objectives**.

Once objectives have been set, planning is necessary to work out how to achieve those objectives within the framework of the policy formulated.

The board of directors - top management - is involved mainly with long-term planning or **‘strategic planning’**, which is concerned primarily with deciding what the objectives of an enterprise should be in two, four, five or even ten years ahead, and its future policies. Such planning is concerned mainly with the enterprise as a whole rather than with individual departments or sections.

Senior managers will be involved in **‘tactical planning’**, that is, planning how the overall strategies are to be achieved; devising and operating short-term plans, for up to a year ahead.

Other levels of management are involved mainly in short-term **‘activities’ planning** - sometimes called **‘operational planning’**. That involves the day to day running of departments or sections and individual assignments, for example planning how to fill an order or how and where to store a consignment of newly delivered items, or deciding what each member of staff should be doing at any given time.

A good deal of the planning which managers will be called upon to perform involves making **routine decisions** and with everyday matters, for example planning the work of a team of stores office staff, which will be similar week after week.

Flexibility in Planning

However, plans must be **flexible** so that they can quickly and easily be modified in the light of events. For example, a Stores Manager might have decided how his office staff will cope whilst another member is on holiday, and has planned the rearrangement of the work. But the day after the implementation of the new plan, another member of staff falls ill; so he must modify his plans, and determine how the work can be rescheduled with two staff away. Much of such routine planning will be an automatic process, requiring little conscious thought on the part of the manager, as his plans and decisions will be based largely on past experience with similar, or even identical, problems.

Other planning might require far more conscious thought, investigation and research before decisions are reached, and we return to this matter in Module 2 when considering the planning of stores location and layout.

Organising and Organisation

Once the plans - the "theory" - have been formulated a manager is involved in organising the physical resources at his disposal - the men and/or women, materials, machines and even the premises - to ensure that the objectives are achieved as planned.

Organising involves **much more** than simply instructing a given number of people to start work:-

- ★ Each person must know exactly what he or she is to do (and if necessary must be taught or trained to perform that work), how the work is to be done, when it is to be done, and so on.
- ★ The materials needed must be readily available, as must all the services necessary: electricity, water, fuel, etc.
- ★ The best machinery and equipment, within the financial resources of the enterprise, should be available for use, regularly maintained and in working order, and training must be given to those who will operate it.
- ★ The premises, whether of the Store itself or its office, must be laid out in order to provide the maximum efficiency and convenience and to allow a smooth flow of work. For example, the shelving, racking and bins in the Store (see Module 2); must all be positioned in order to utilise the maximum available amount of space in the most effective layout, to avoid any wasted space, effort, duplication or unnecessary movement.
- ★ There must, of course, be adequate and competent staff trained to perform the work necessary.

Organising, then, can be seen as the process of ensuring that:

the right staff, the right materials and the right machines are in the right places at the right times and in the right quantities so that work will proceed in accordance with the formulated plans, without delays, hold-ups or stoppages.

Co-ordinating and Co-ordination

Organising and co-ordinating are very closely linked, and frequently coordinating is an essential continuation of organising. Co-ordinating involves:

*Ensuring that all efforts move smoothly together in the same direction,
that is, towards the common objectives.*

Co-ordination is just as essential in top management as it is at junior management and supervisory levels. For example, the managing director or general manager must ensure that the efforts and activities of all the different departments of an enterprise are in harmony, and in co-operation; as we said earlier, there is no point in, for example, the sales department endeavouring to sell items not yet in stock or in production! Good relations and communications between departmental managers must be developed and fostered so that they all work together in concert.

At the other end of the scale, a junior manager, supervisor or foreman must co-ordinate the work of his subordinates so that although different people might be performing different tasks, work will, when necessary, flow smoothly and continuously from one person to the next.

Motivation and Motivating

Motivation is directly concerned with the people who work for a particular enterprise, and it involves:

*Encouraging them to work well and willingly in the most economic manner
in the best interests of the enterprise, and in their own best interests.*

The objectives of an enterprise - or any department of it - can be achieved **only** through the efforts of people; and people need to be motivated - induced, persuaded, prevailed upon (but **not** forced) - in a humane and understanding way to give of their best.

However, what motivates one person or group of people might not motivate another, and therefore for the best results a manager should, as far as it is feasible, get to know something about each of his subordinates. Mere financial reward is more of an incentive than a motivation to many people, although the end result - greater effort or better performance - might appear the same. Many people today are interested in gaining more from their employment than just money; they tend to look for what can be termed 'job satisfaction', doing jobs which they enjoy, in which they feel that their skills/abilities are being utilized to the full, and of which the end products are worthwhile.

Many other people are interested in the likelihood of receiving training, or of working in a group, or in the prospects for promotion - in achieving positions of responsibility and authority or status. Others might want jobs in which they can use initiative or can get away from being "desk bound" or tied to a routine or regular hours. (It must not be overlooked, however, that some employees are content with routine or repetitive work, and being allowed to remain on that type of work is in itself a form of motivation for them). Yet other people are interested in "recognition" or various other rewards.

You can see that the range of motivations can be great, and of course more than one (different) motivation might stimulate a particular person or group of people. However, a manager must endeavour to get the best from **each** individual member of his team, and this might require motivating different members in different ways, whilst still motivating **the team as a whole**.

The latter requires the building of a **good 'working atmosphere'** based on a spirit of trust and co-operation between management and staff. Good working conditions help in generating a good working relationship. Although a junior manager or supervisor might have little control over conditions (or say in the matter of salaries/wages, overtime, holidays, etc.) the staff must be able to trust their superior to put their case, whenever possible, to his immediate superior.

There must be two-way communication throughout the enterprise, and staff must be kept fully informed of all matters which effect their livelihoods. Job security is important in forming a good working atmosphere and encouraging employees to work well.

Subordinates want to know that they are looked upon not as mere "working units" or "production units" but as **human beings**, and that their manager(s) are genuinely interested in them as such. They require - and expect - an evenhanded, fair, unbiased approach from their managers, in addition to that essential quality called **'leadership'**. It is important for you to appreciate that successful motivation by a good manager might produce a measure of self-discipline in his staff; they will have sufficient self-respect, and loyalty to him to work well and willingly. So proper motivation instils a good mental attitude towards work, which mere financial incentive cannot buy.

Controlling

Controlling is the function of management which checks whether what was planned to happen actually **does** happen, and, if necessary, ensures that corrective action is taken.

Within this framework it can be seen that the work of all staff must be **supervised** and **checked** (and further instruction, guidance or training given when required); and that all operations or processes must be checked or inspected, and performances measured against the targets set in the plans and against **set standards**.

Supervising

Controlling includes ensuring that employees perform the work allocated to them in the ways laid down and with no wastage or duplication of time, effort or materials. This involves much more than simply instructing a given number of employees to perform work; they must be supervised and managed so that their efforts achieve the desired results. And this requires, as we have already explained, that they be motivated, checked, guided, taught and encouraged. All employees are human beings, with human failings, and their efforts cannot simply be switched on or off like a light bulb; and they look towards, indeed depend upon, their managers for direction.

Maintaining Records

An important part of the function of controlling entails the maintaining of records of performance. Such records, whether concerning receipts, issues, sales, production, output, etc, are vital as a guide to future planning and in the setting of new or revised standards, stock levels, etc.

The Management of Personnel

For any manager, regardless of the size of the enterprise by which he is employed or its range of activities, a capable, loyal team of staff is of the utmost importance if his department or section or business is to operate smoothly and efficiently. No matter how automated the enterprise or part of it under his control might be, the output of it will ultimately be achieved through the efforts of people - his subordinates. Machines, materials and even premises can be replaced, but it is not at all easy to replace reliable and hard-working staff.

It is therefore vital that considerable attention is paid to the recruitment and selection of the **right** staff. Equal consideration must be paid to the training of those staff, and to their welfare and to their motivation so that they will work well and willingly and, what is more, will be sufficiently content in the employ of the enterprise to **stay** with it. The need for and the importance of motivation were discussed earlier, but the last point must be emphasised here because the time, effort and expense involved in recruiting and training good staff are considerable.

Large enterprises usually have a personnel department - headed by a personnel manager - which is responsible for dealing with most, if not all, matters and problems relating to personnel throughout the organization, their conditions of work, welfare, recruitment, training, promotion, etc., and the maintenance of personnel records. In smaller enterprises it will be the owner or a senior manager, perhaps assisted by a clerk or two, who will be responsible for such personnel matters.

Recruitment

This term refers to the first stages in the process leading to the filling of a vacancy which arises (1) due to the creation of a new post, or (2) because the present holder of it is leaving the employ of the organization or of a section or department of it.

Internal recruitment is the process of filling a vacancy by a person who is **already** employed by the enterprise. This might involve the promoting of a person currently working in the section, or the transfer and/or promotion of a person working in another section or department, or at another branch. Some enterprises have active policies of internal promotion, the advantages of which can include:-

- ❁ Staff who are aware that promotion is the reward of hard work and loyalty are motivated to learn and do more, and this leads to greater job satisfaction and less inclination to leave.
- ❁ The abilities and potential of candidates for transfer and/or promotion might already be known to the manager, but if not he (or the personnel department) can call for reports from the candidates' supervisors, etc.
- ❁ Those promoted or transferred will have knowledge about the enterprise and possibly about the work to be performed (especially if they have been given the opportunity to prepare for promotion) and so the induction and training processes might be shorter.

External recruitment is from sources **outside** the enterprise and, depending on the vacancy to be filled, might include one or more of: local schools, colleges, technical colleges and universities; local employment agencies (government run or private), secretarial agencies, staff/personnel bureaux; advertisements in local or national newspapers, trade journals or the journals of professional institutes

and associations.

In many cases a Stores Manager will be able to leave the recruitment process mainly to the personnel department or to the executive who deals with such matters. However, before a particular vacancy can be publicised, either internally or through any one or more of the external sources, it must be known exactly what work the successful applicant will be required to perform, and what attributes - in terms of skills, technical knowledge, previous experience, personal qualities, etc., will be required in order to perform that work. Any job of work comprises a series of "tasks", some of which might be very important or require special skill, knowledge or training, whilst others might be easier, routine or even mundane.

Staff of the personnel department might "analyse" each and every job performed in an enterprise to ascertain, by an examination of it, the following information about each one:

- * What different tasks are involved in the job as whole.
- * How the tasks should be performed, i.e. the procedures involved in the best possible performance of each task or groups of related tasks.
- * What qualifications (education, training, experience, special skills, intelligence, etc) and personal attributes (good eyesight, good hearing, pleasant speaking voice, manual dexterity, etc) should be possessed if the various tasks are to be performed in the most satisfactory manner.
- * For what and/or for whom the holder of the post will be responsible.

In small enterprises, job analysis might be neither necessary nor practicable; however, as an enterprise grows and employs more staff, there is a tendency for specialisation, and so job analysis, and job descriptions based on them, are important in replacing staff, in training, in promotion, etc.

Based on the data obtained from job analysis, or on information supplied by the Stores Manager, a **job description** should be prepared. Amongst other information, such a document will contain:-

- ✦ A list of all the tasks and duties involved in the whole job.
- ✦ Details of all the responsibilities of the postholder, that is, for what and for whom he or she will be responsible.
- ✦ Facts about the environment in which the postholder will work, e.g. in the Store itself or in its office, and/or details of any dirty, noisy or dangerous conditions under which work will be performed.
- ✦ Full details of such matters as hours of work, overtime, unsociable hours, holidays, sick leave, etc.
- ✦ Full details of salary or wage rates, overtime rates, bonuses, commission and fringe benefits, pension schemes, sickness benefits, and any others.

Finally, it is a good idea to prepare an **employee specification**, by setting down the qualities essential in, or desirable in, the person whom it is hoped will be found to fill the vacancy. Such qualities will include physical qualities, mental qualities, skills needed, qualifications (educational or from

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experience) and the sort of temperament or character being looked for. Depending on the post to be filled, a Stores Manager will look for some or all of these qualities in prospective stores personnel:-

Physical: an employee within a certain age range (i.e. a lower and upper age will have to be decided upon); physical fitness when certain items might have to be moved or carried manually; manual dexterity; good eyesight; good, clear handwriting.

Mental: alertness, intelligence; accuracy in making calculations and in checking, counting or otherwise measuring receipts of items into the Store and issues from it; stores personnel also need to be meticulous in checking the contents of documents; a good memory, as there might be thousands of items in the Store and - although no one person can be expected to remember each one and its location - stores personnel should be able to remember details and locations of the most commonly used or issued items; adaptability - there are many different tasks to be performed in a Store, and good staff should be willing and able to change from performing one task, or from handling one type of item, to another easily and without confusion; a willingness to learn more.

Skills: some stores jobs call for the ability to handle skilfully certain equipment, measuring instruments and items to be stored; some might require personnel to drive or operate fork-lifts or other transport; in the stores office, proficiency with machines (calculators, etc.) and with computer operation might be called for; even typing is a skilled job.

Qualifications: a good general education might be important, as might be previous experience in a similar post or in a Store housing similar items.

Character: besides requiring employees who can mix well with others (e.g. employees, customers, suppliers, etc.) and who are pleasant, punctual and who can work hard and well without constant supervision, a Stores Manager will also look for three vital characteristics, which are worth considering in detail:-

- ✱ **Honesty.** Stores personnel might be entrusted with the care of items worth a very great deal of money. They must be absolutely honest in dealing with the enterprise's property, and must assist in ensuring that it is kept safe from pilferers and thieves.
- ✱ **Sense of Responsibility.** Not only must items in the stores be protected from pilfering and theft, they must also be protected from damage caused by bad-handling, dust, damp, rodents, insects, fire, etc. (see Module 5). Stores personnel must be aware of their responsibilities to protect the items in the Store, and their responsibilities to protect their colleagues, and others permitted to enter the stores, from accidents. Members of the Stores staff might be entrusted with the keys to sections of the Store or to bins or other containers; not only must they be honest, they must also act responsibly in looking after those keys, locking up after leaving a section or finishing with a bin or other container.
- ✱ **Reliability.** This includes being trustworthy and responsible, as well as being the sort of person a Stores Manager can depend upon to arrive at work on time regularly, to work throughout the day without needing to be constantly supervised, and not to leave a job uncompleted, or to leave work before the correct time.

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In many cases a Stores Manager will look for cleanliness, something which is particularly important where foodstuffs (such as bread, cheese, meat, etc.) are stored. Also, a nonsmoker is likely to be preferred, especially in Stores and Stockyards containing flammable items, such as oil, paint, etc.

The personnel department or the executive dealing with personnel will probably make the necessary arrangements to attract suitable candidates for a vacant post, to sort the applications received and to call for **interviews** those considered most likely to be suitable. The Stores Manager will generally take part in the interviews, which are a most important part of the selection process. The aims of each interview in a "session" are:-

- ★ To enable the interviewer(s) to confirm information already provided by the candidate, to obtain further information and if necessary to read originals of documents (testimonials from former employers, certificates/ diplomas, school reports, etc).
- ★ To enable a candidate to obtain more information about the enterprise and the job and the terms and conditions of employment.
- ★ To enable the interviewer(s) to compare more accurately each candidate's personal characteristics with those detailed in the employee specification and thus to assess the suitability of the candidate for the post.
- ★ To enable the interviewer(s), at the end of the session of interviews, to decide which is the most suitable candidate for the job.

To achieve its aims, an interview must be held in a pleasant and relaxed atmosphere, so that the candidate (who might be nervous and/or shy) can gain sufficient confidence to answer questions fully - to give information, and to ask relevant questions. The interviewer(s) must ensure that there are no interruptions - telephones ringing, people entering the room, etc. - whilst interviews are taking place. The Stores Manager will usually have the opportunity to question candidates, and also often the chance to test them ("work tests" are designed to check whether candidates are as skilful as they claim; whilst "aptitude tests" are designed to show manual dexterity in simple tasks), and might be involved in the final selection of the candidate to whom the job will be offered.

Induction

This is the process of introducing a "newcomer" - a new employee - to the enterprise and its organization, to his (or her) job, to the work-group to which he will belong, and to the "environment" in which he will work.

In some ways induction is a form of **training**, as it includes familiarising the newcomer with the work which he will perform. However, as you will learn shortly, actual **job training** is concerned with providing the employee with the knowledge and skills necessary if he is to be able to perform well and efficiently the various tasks making up his job.

The importance of a proper induction process is, unfortunately, overlooked by some organizations, managers and supervisors. The fact is, the quicker a newcomer settles in and "**feels at home**", and is accepted by, and integrated with, others in the workgroup, the quicker will that person be able to start performing properly the work which he or she was engaged to perform.

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Whether the induction process is conducted by staff of the personnel department, by a senior or junior manager or supervisor in the Stores (or by a combination of two or more of them) it should be **planned**.

Those concerned should be aware that a newcomer is “reporting” on a certain day and at a certain time - the personnel department or an executive should have a diary note and should remind those concerned; it is hardly helpful if a busy Stores Manager looks up from his desk early on a Monday morning to find - unexpectedly - a nervous, and probably embarrassed, new employee hovering at his door not knowing what to say or do. The manager should have known to expect the new employee, and should have given instructions for him to be met by a subordinate at the main entrance and conducted - in a friendly, welcoming way - to his office. It is also a good idea to warn those with whom the newcomer will be working closely to expect him.

First impressions gained by a newcomer about the work atmosphere and about the other members (of whatever status) of the workgroup - and the first impressions which the newcomer makes on those people - are important, and can greatly influence him, and their acceptance of him. New employees, and particularly the young and those starting their first jobs, are likely to be anxious and apprehensive. They are likely also to be embarrassed by their lack of knowledge about the people with whom they will come into contact, and nervous about being in unfamiliar surroundings (unless they have been promoted/transferred from a close section or department). The induction process should therefore attempt to put the newcomer **at his ease** as soon as possible.

The person who will probably be closely concerned with the “job” induction of a new junior member of the stores staff will be the stores supervisor in whose team the newcomer will work. He must ensure that the newcomer knows his name and how to contact him; if necessary those facts should be written down, as it can be worrying and embarrassing for a new employee who forgets them. The supervisor must then ensure that the newcomer is aware of all facts concerning hours of work, tea-break times, the time of the lunch break, and so on.

The newcomer should then be shown around the department with special emphasis on the section in which he will work and on the location of entrances/exits, toilets/cloakrooms, fire appliances, canteens and drink dispensers and, as might be appropriate, from where to obtain stationery, materials, equipment, tools, protective clothing, etc. If a personal locker is provided, its location should also be pointed out.

During the “tour” the newcomer might be introduced to those with whom he might have contact again. Some of those met might be members of the group with whom the new employee is to work, but in any case, special attention must be paid to his introductions to all such members because it is important they **accept** him into the group as early as possible. Both first names (or nicknames) and family names should be stated and their jobs described briefly and, if convenient, a few minutes friendly chat might usefully be allowed.

The newcomer should then be shown to his work place/area, and the work to be performed explained to him; although the overall job might be explained, only some of the tasks involved might be concentrated upon to start with. The location of machinery or equipment that the employee might have to use should be pointed out and instruction and/or training given on their operation (see Module 4). The location of other items necessary in performing tasks should also be pointed out. The person(s), if not the supervisor himself, who can provide assistance or guidance to the newcomer

need to be mentioned.

The new employee must not be over-supervised, but at the same time must not feel isolated and on his own. He must be encouraged to ask for reasonable assistance and guidance, the necessity for which should gradually grow less. An eye should be kept on the relationships developing with others in the workgroup as it is often impossible to know in advance who might “clash”, perhaps unconsciously, with another; if unchecked, minor irritations can grow into arguments, lack of co-operation, etc.

A slightly informal “follow-up” chat with a new employee once a week for the first few weeks might be beneficial as bad working habits or misunderstandings of procedures can be quickly spotted and corrected. The new employee might want to ask questions, and might also need encouragement.

Training

As we have already mentioned, the Stores Manager or a Stores Supervisor is likely to be directly concerned with much of the initial “job” training of a newcomer, or at least supervising and controlling it if training is given by experienced members of the workgroup. It should go without saying - although it is, regrettably, sometimes overlooked - that if the manager or supervisor wishes to get the best work from subordinates without their having to be constantly supervised, they must be **taught or trained** to perform the tasks involved in their work in the best and most efficient manner.

On-the-job training requirements vary greatly from employee to employee, depending on the work each is to perform. Some work is easy, routine and repetitive and should be learnt fairly quickly. Other work is more difficult or complex and might require specialised knowledge and skills which can only be gained or developed over a period of time. In addition, some people learn more quickly than others; and it is possible that a slower learner might turn out to be a more thorough, efficient worker than one who appears to “know it all” quickly but who has, in reality, grasped only the outlines and not the details. Careful observation of each individual is essential.

Patience in training is important, as it often takes longer to explain to or to show a “trainee” what to do or how to do it, than it takes to perform the work oneself. It often helps to break down a job of work into its component tasks (and even to subdivide the tasks into the individual actions involved) and to teach them, or explain about them, individually, rather than trying to explain or teach everything at once. Gradually the individual tasks can be brought together and their interrelationships demonstrated.

The key to successful training is to **simplify** a job, so that what is involved can be grasped more quickly or easily, rather than making it appear - to a beginner especially - more complicated than it really is.

The manager’s or supervisor’s interest in training or teaching should not cease once the job induction training has been successfully achieved and the new employee is performing his designated duties to the standard required. From time to time, a certain amount of retraining is required as circumstances, methods and processes change and new equipment is introduced, different items have to be stored, and so on. Unless such retraining **is** given, accidents and mistakes are bound to happen, because staff will still be using outdated methods, or will not understand clearly the effects of changes.

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Other advantages to be gained by encouraging (and providing facilities for) subordinates to learn about the work of others in the Stores Department can include:-

- * The rescheduling or rearranging of workloads might become easier in particularly busy or “rush” times, or when some people are away from work on holidays/vacations, or due to illness, or other reasons. If stores staff can perform only their own specialist work - which might be narrow in scope - any increase in workload might have to be borne by the Stores Manager and/or by supervisors.
- * The reduction of boredom or restlessness where fairly repetitive work is performed. Such work over extended periods can result in carelessness, lack of concentration, mistakes and accidents. In some cases boredom leads to irritability and arguments, and even to disputes, and restlessness can lead good workers to seek jobs offering greater variety elsewhere.
- * Subordinates who know the acquisition of greater or wider knowledge and skills is the path to promotion and greater financial rewards are motivated to do their best. They are likely to have greater job satisfaction and loyalty.

Adequate training is **particularly important** in stores work, not the least because it can help to reduce accidents which can cause injury to stores personnel and others, and damage to items stored; in Module 5 we consider potential hazards in Stores. Stores personnel also need training in:

- * materials handling, and on the proper use of manual and powered handling equipment, which we discuss in Module 4;
- * the prevention of deterioration of stock, which we study in Module 5.

Adequate training will help to improve efficiency in all stores operations: physical, clerical and managerial. Training should be looked upon by all those involved in stores management (and in management/supervision generally) as an “investment” in terms of money, time and effort, the returns from which can be increased efficiency, savings in operational costs, and an accident-free, contented staff.

SELF-ASSESSMENT TEST ONE

Recommended Answers to these Questions - against which you may compare your answers - will be found on page 33. The maximum mark which may be awarded for each Question appears in brackets at the end of the Question. Do **NOT** send your answers to these Questions to the College for examination.

No.1. (a) Give a brief definition of the Stores of an enterprise. (maximum 15 marks)

(b) Describe the two different aspects of the job of any manager. (maximum 10 marks)

No.2. Explain briefly - and in your OWN words - why good, efficient Stores Management is essential to the success of any enterprise. (maximum 35 marks)

No.3. Place a tick in the box ☒ against the **one correct** statement in each set.

(a) *An important aspect of stock control involves:*

- 1 ☐ finding one's way around the Stores Department.
- 2 ☐ looking after cattle on a ranch or farm.
- 3 ☐ ensuring the right items are always available when needed.
- 4 ☐ counting the number of staff working in the Store.

(b) *Stores and Sales Departments must work in co-operation to ensure:*

- 1 ☐ that the staff of the two departments do not become confused.
- 2 ☐ that Stores does not hold stocks of items which cannot be sold.
- 3 ☐ that customers know which department to order from.
- 4 ☐ that they are not dominated by the Production Department.

(c) *The Stores Department is said to be "nonproductive" because:*

- 1 ☐ its staff are lazy and do very little work.
- 2 ☐ it is of no value to the enterprise of which it forms part.
- 3 ☐ its manager does not produce reports required by top management.
- 4 ☐ it is not directly involved in revenue-earning activities.

(d) *The essential function of a Stores Department is to provide:*

- 1 ☐ an efficient service to all other departments of an enterprise.
- 2 ☐ a retail outlet from which to sell goods to consumers.
- 3 ☐ a reason to employ additional staff.
- 4 ☐ a place in which to house unwanted items.

(e) *Efficient stores management is vital to ensure that:*

- 1 ☐ good production and/or sales and profits are maintained.
- 2 ☐ delays in issuing materials will slow down production.
- 3 ☐ fewer items will be issued and used, so money will be saved.
- 4 ☐ customers will not need to return for further supplies.

(4 marks for a statement correctly ticked - maximum 20 marks)

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No.4. Place a tick in the ☒ box against the **one correct** statement in each set:

(a) *Motivation involves:*

- 1 ☐ driving motorised vehicles around the Store.
- 2 ☐ making stores staff work hard for long periods without rest.
- 3 ☐ encouraging stores staff to work well and willingly.
- 4 ☐ telling stores staff what to do and when to do it.

(b) *Internal recruitment is the process of:*

- 1 ☐ making sure stores staff stay in the Store the whole working day.
- 2 ☐ ensuring the Store is clean and tidy at all times.
- 3 ☐ filling a stores post from sources outside the enterprise.
- 4 ☐ filling a stores post with somebody already working in the enterprise.

(c) *Induction is the process of:*

- 1 ☐ inducing stores staff to work hard for long hours.
- 2 ☐ introducing new stores staff to the work environment.
- 3 ☐ introducing customers to new stores staff.
- 4 ☐ introducing new rules and regulations for stores staff.

(d) *Adequate training of stores personnel is essential to:*

- 1 ☐ avoid accidents in the Stores and the deterioration of stock.
- 2 ☐ ensure they can drive vehicles quickly around the Store.
- 3 ☐ help them find their way to work quickly each morning.
- 4 ☐ encourage them to become fit and strong and work hard.

(e) *Stores personnel recruited must be honest because:*

- 1 ☐ they will be handling a great deal of cash.
- 2 ☐ they need to be able to work without constant supervision.
- 3 ☐ they will be entrusted with the care of items worth much money.
- 4 ☐ they should take home from the Store only what they really need.

(4 marks for a statement correctly ticked - maximum 20 marks)

RECOMMENDED ANSWERS TO SELF-ASSESSMENT TEST ONE

No.1. (a) Briefly, the Stores of an enterprise can be defined as: “an area set aside from those in which other activities take place, in which all materials required for production and/or sale or distribution are received, in which they are housed for safekeeping, and from which they are issued when required”.

(b) The two different aspects of the job of any manager are:

* the “technical” aspect, which is concerned with the work to be performed, in his or her section, department or enterprise;

and

* the “human” aspect, which is directly concerned with the people who are employed to perform that work in the section, department or enterprise.

No. 2. The value of the items in the Stores Department of an enterprise can represent a large proportion of the total value of its assets. Efficient stores management will ensure that the correct items of the correct qualities will be available in the correct quantities when required, thus avoiding losses of production, sales and profits. Furthermore, efficient stores management will ensure that no monetary loss will occur due to the deterioration, damage or loss of items held in the Stores. Without efficient stores management the efficiency of the entire enterprise can be seriously jeopardised, and its financial position and profitability can be seriously weakened.

No.3. The correct statement from each of the sets selected and ticked:

(a) 3✓ (b) 2✓ (c) 4✓ (d) 1✓ (e) 1✓

No.4. The correct statement from each of the sets selected and ticked:

(a) 3✓ (b) 4✓ (c) 2✓ (d) 1✓ (e) 3✓

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WHAT YOU WILL LEARN IN MODULES 2 TO 12 OF THE CIC STORES MANAGEMENT & STOCK CONTROL PROGRAM

Module 2 - Stores Buildings - Location and Layout

Advantages and disadvantages of:

- ground level location
- upper storey location
- basement location

Multistorey Stores

Converting buildings to storehouses

Factors in the location of new stores buildings

Design and construction of new storehouses

Storehouse floors

Doorways and other openings

Lighting in storehouses

Storehouse heating

Storehouse cooling

Ventilation of storehouses

Types of Stores:

- central
- departmental

Stores layout - for:

- economy
- accessibility
- flexibility
- protection
- common and specialised layouts

Module 3 - Stores Equipment

Types of stores equipment:

storage equipment:

shelving:

- slotted-angle shelving
- bays and runs

open and closed shelving:

- compartments
- sub-compartments
- pigeon holes

bins and cabinets

types of racks

pallets:

- single decked and double-decked
- two-way and four-way entry
- box pallets

post pallets

measuring equipment:

- for weight, dimension and volume

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general stores equipment:

- ladders and steps
- general tools
- cleaning equipment
- protective clothing

Module 4 - Materials Handling

What materials handling involves

The importance of efficient materials handling

Factors in selecting materials handling systems

Costs of equipment

What is meant by manual handling:

- its advantages when it can be used

Manual handling equipment:

- illustrations of common manual handling equipment

Powered handling equipment:

- when it must be used
- its advantage
- its disadvantages
- illustrations of common powered handling equipment

Safety:

- training in manual handling
- training powered equipment operators

Economy of movement:

- avoiding double handling
- planning and supervision

Packaging:

- advantages of standard quantities

Prevention of damage from careless/improper handling

Equipment for order picking/selection:

- illustrations of common equipment

Maintenance of handling equipment

Module 5 - Storehouse Security

Prevention of theft of materials:

- secure doors
- secure windows and fanlights
- allocating responsibilities

Control of keys:

- numbering and labelling
- maintaining a register of keys
- action in the event of loss or copying of keys

Prevention of pilfering of materials:

precautions which can be taken:

- limiting access to the Stores
- lockable bins and areas
- marking target items

controlling issues on loan by:

- using a register
- using tallies

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- Prevention of fraud
- Protection of stored materials from damage and deterioration:
 - common causes of spoilage:
 - bad handling
 - water damage and damp
 - dirt and dust
 - temperature and humidity
 - contamination
 - rodents and insects
 - incorrect issue sequence
- Stock rotation:
 - the first in first out rule
- Fire prevention:
 - regulations - action to be taken in the event of fire
 - fire fighting equipment
 - fire drills
- Prevention of injury to stores personnel and others
 - permitted access:
 - common causes of accidents in Stores
- Protection of stores equipment from loss, damage and deterioration

Module 6 - Stockyards

- Materials suitable for storage in stockyards
- Advantages of storage in stockyards
- Stockyard location
- Fences and walls
- Entry/exit points - gates
- Gatehouses and gatekeepers
- Types of stockyard surfacing
- Stockyard security
- Precautions against fire:
 - fire fighting equipment
 - regulations
 - fire drills
- Layout of stockyards
- Stockyard location systems
- Ensuring a smooth flow of materials/vehicles into, out of and through the stockyard
- Stockyard handling equipment

Module 7 - Identification of Stock Items

- Why codes are used in Stores work
- Advantages accruing from the use of codes:
 - simplicity in ordering
 - accuracy
 - avoidance of duplication and over-ordering
 - assistance in reordering/purchasing
 - simplification of requisitions
 - improvement in stock recording

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Essentials of stock codes

Types of coding systems:

- by end use

- by assembly group

- by suppliers' codes

Steps in constructing a stock coding system

Colour coding

Grouping and coding by the natures of items

Forms of codes:

- alphabetic

- numeric

- alphanumeric

Random numeric coding

Building a natures of items code

Stores catalogues and vocabularies

Codes as a basis for stock location systems

Standardisation

Module 8 - Stock Records

What records are

The need for stock records

The importance of accurate stock records

Information which might be contained in stock records

Design and layout of stock records

Manually posted stock records:

- loose cards

- loose-leaf cards

- visible cards

- advantages and disadvantages of each

Location of record cards

Bin cards

Computerised stock records:

- characteristics and advantages of computers

- computer hardware

- computer software:

- tailor-made programs

- applications package programs

- database systems

- bar-codes

Module 9 - Stock Levels and Reordering

The cost of maintaining stocks:

- types of costs involved in maintaining them

Reasons why organisations maintain stocks

- despite the cost

Importance of setting the correct stock levels:

- why stocks held should be neither:

- inadequate nor

- excessive

Factors to be considered in setting stock levels

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- The reorder stock level
- The minimum stock level
- The higher stock level
- The hastening stock level
- Variable stock levels:
 - regular reviews of levels set:
 - why they are essential
- Provisioning:
 - provision-demand documents
- Basic principles of purchasing:
 - factors involved in selecting suppliers
- Order forms
- Inter-stores indents

Module 10 - Receipts of Stock

- Internal and external sources of receipts
- Documents concerning receipts:
 - copy order
 - advice note
 - delivery note
 - carrier's consignment note
- Receiving procedures:
 - quantity and damage checks
- Inspections by stores, technical and inspection department personnel
- The goods inwards book
- Goods-received notes
- Shortage/damage reports
- Inter-stores transfers:
 - documents
- Receipts from the production department;
 - documents
- Returns by customers:
 - documents

Module 11 - Issues of Stock

- The importance of the issuing service provided by the Stores Department
- Assistance in meeting users' requirements
- Authorisation for issues:
 - different methods employed
 - control
- Issues to another section or department:
 - the issue note
 - production programmes/schedules
 - assemblies and kits
- Transfers to another store
- Issues to customers:
 - authorisation documents
 - cash sales and credit sales
- Returns to suppliers:
 - the goods returned outwards note
- Packing and despatching:

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- the importance of adequate packaging
- containers
- packing materials
- packing equipment
- factors influencing methods of transport employed
- Marshalling and the marshalling area
- Training, supervising and checking selection/order picking and marshalling staff

Module 12 - Stocktaking and Spot Checks

- Reasons why stocktaking is performed
- Periodic stocktaking:
- Continuous stocktaking
- Circumstances in which continuous stocktaking is necessary:
 - advantages over periodic stocktaking
- Planning and preparations necessary for accurate stocktaking:
 - teams of stocktakers
 - using employees of other departments
- Various methods of performing stocktaking
- Stock counting sheets
- Stocktaking by auditors: possible benefits
- Spot checks:
 - why and how they are carried out
- The treatment of discrepancies:
 - deficiencies and surpluses
 - investigations
 - the stock discrepancy report
 - writing up and writing down
- Valuing stock items:
 - the master stock list
 - importance of the accurate valuation of stock
 - how stock values can affect calculated profits or losses
- Stock obsolescence and redundancy
- Disposing of obsolete, redundant and damaged stock